UNITED STATES PATENT AND TRADEMARK OFFICE

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/518,837	03/03/2000	Frank D. Tuttle	800470	9750

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ART UNIT	PAPER NUMBER
3692	

SHORTENED STATUTORY PERIOD OF RESPONSE	MAIL DATE	DELIVERY MODE
3 MONTHS	02/07/2007	PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

If NO period for reply is specified above, the maximum statutory period will apply and will expire 6 MONTHS from the mailing date of this communication.

PTOL-90A (Rev. 10/06)

	Application No.	Applicant(s)
Office Action Summary	09/518,837	TUTTLE, FRANK D.
	Examiner	Art Unit	
	Frantzy Poinvil	3692	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE <u>3</u> MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1) ☒ Responsive to communication(s) filed on <u>*17 July 2006*</u>.

2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.

3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4) ☒ Claim(s) *1-42* is/are pending in the application.

    4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5) ☐ Claim(s) _____ is/are allowed.

6) ☒ Claim(s) *1-42* is/are rejected.

7) ☐ Claim(s) _____ is/are objected to.

8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9) ☐ The specification is objected to by the Examiner.

10) ☐ The drawing(s) filed on _____ is/are: a)☐ accepted or b)☐ objected to by the Examiner.

    Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

    Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

    a)☐ All b)☐ Some * c)☐ None of:

      1.☐ Certified copies of the priority documents have been received.

      2.☐ Certified copies of the priority documents have been received in Application No. _____.

      3.☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

    * See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1) ☐ Notice of References Cited (PTO-892)

2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)

3) ☐ Information Disclosure Statement(s) (PTO/SB/08)
    Paper No(s)/Mail Date _____.

4) ☐ Interview Summary (PTO-413)
    Paper No(s)/Mail Date. _____ .

5) ☐ Notice of Informal Patent Application

6) ☐ Other: _____.

DETAILED ACTION

Claim Rejections - 35 USC § 103

1.   The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all

obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

Claims 1-42 are rejected under 35 U.S.C. 103(a) as being unpatentable over

Acosta et al. (US Patent No. 6,643,625).

As per claim 1, Acosta et al disclose all the features of claim 1, particularly a

method and system for auditing loan compliance with government loan lending and

licensing requirements comprising:

a.   allowing a user to display and enter loan audit compliance data, comprising the

steps of:

receiving and displaying loan audit data on a user interface of a computer

system; and ii. storing the loan audit data in a loan data database in the computer

system (see column 2, lines 13-17);

b.   allowing a user to interactively build loan compliance rules, comprising the steps

of enabling the user to interactively build loan compliance rules on a user interface of

the computer system (column 2, line lines 13-,27) and

ii. storing the loan compliance rules in a loan compliance rules database in the

computer system (column 2, lines 13-27 and column 5, lines 30-37) and

c.   responding to a loan audit request received from a user on a user interface of the

computer comprising the steps of:

retrieving the loan compliance rules from the loan compliance rules database;

      ii.   retrieving the loan audit data from the loan data database;

      iii.   comparing the loan compliance rules to the loan audit data to determine a

loan audit compliance result (column 2, lines 23-43; column 5, lines 52-59 and column

4, line 67 to column 8, line 7); and

      iv.   notifying the loan audit request user of the determined loan audit compliance

result (column 2, lines 48-56 and column 8, lines 51-67).

The only difference between the claimed invention and the system of Acosta et al

is that the system of Acosta et al is a computer-assisted system whereas the claimed

invention is controlled by a computerized system.

As per this difference, Acosta et al state:

"The legal and regulatory requirements and investors parameters frequently change, and financial institutions must expend considerable resources to assure that all of their loans are in full compliance with the current applicable regulations.

For mortgage companies to comply with all of the various requirements for the auditing loan originations, the current state of the art is to use a standard checklist, regardless of the type of loan portfolio audit.

When portfolios of loans are sold to investors or are purchased from originators or other investors, audit checklists must be reviewed by several people to insure that each loan complies with currently applicable regulations.

The audit checklists which are in current use are required in primarily three different aspects of this industry: origination of the loan, selling of the loan to investors, and servicing the loan. Although these aspects are separate insofar as they are usually handled by different personnel with different training and skill requirements, they are intererelated insofar as a mistake in one area, e.g., origination, will have spillover effect on another area, e.g., servicing.

Because quality control of each aspect of these processes is so critical, various attempts have been made by others to provide computerized quality control systems, for example the ACES audit system of Engineered Business Systems, Inc., of Coconut Creek, Fla., provides automated loan selection based on user defined criteria, standard checklists, automated underwriting review, and automated tracking of supervisor review. The ACES system does not provide checklists automatically customized to audit sampling criteria, nor a system for auditing servicing portfolios, not a means for storing and reporting on audit recommendations pertaining to exceptions. The ACES system does not address the special needs of loan servicing auditor, where special regulations and audit checklist are required.

SUMMARY OF THE INVENTION

The present invention provides in one aspect a client-server computer system for auditing loan and loan servicing portfolios comprising client workstations for use by loan auditors a server on which are stored records for each loan origination and loan servicing in a portfolio, rules which comprise each current and historical legal regulation and any investor-specific parameter, applicable to each type of loan and loan servicing, a set of sampling criteria, a set of questions to determine compliance with each of the regulations and parameters, each question keyed to one or more audit types, a set of selectable audit types, and a computer program adapted to automatically select an audit sample subset of loan origination records or loan servicing records according to one or more selected audit type and the set of sampling criteria, and automatically create and transmit to an auditor client workstation a checklist appropriate to the selected audit type.

In another aspect, the invention comprises computer-assisted method of auditing loan portfolios and loan servicing portfolios wherein loans are of a plurality of types comprising the steps of storing on a server a computer record for each loan in a portfolio; storing on the server rules which comprise each current and historical legal regulation and any investor-specific parameter applicable to each type of loan; storing on the server a set of selectable audit types; storing on the server a set of questions to determine compliance with each regulation or parameter, each question keyed to one or more audit types; periodically adding questions to the set of questions as new regulations or parameters are promulgated, storing on the server a set of sampling criteria comprising historical error rates, confidence intervals, and precision; automatically selecting an audit sample subset of records according to one or more selected audit types and applicable sampling criteria; automatically creating and transmitting to an auditor client workstation the audit sample subset of records and a checklist of questions keyed to the selected audit type; storing auditor's answers to the checklist questions, including any exceptions, in an audit trail database on a server; storing any auditor recommendations pertaining to any of the exceptions in the audit trail database; and automatically generating management reports comprising the sampling criteria, an exception rate pertaining to the subset, a list of any loans in the subset which have exceptions and the exceptions pertaining to each such loan, and any recommendations for cure of each type of exception found in the sample subset. The audit sample subset generated by the system and method can be automatically requested from a file management system. ".

It would have been obvious to one of ordinary skill in the art at the time the

invention was made to modify Acosta et al into a fully computerized system to

automatically perform the claimed functions. The motivation would have been to provide a more reliable system.

Claims 2, 22, 23, 24 and 25 contain limitations recited in claim 1 and these limitations are rejected under a similar rationale. Claims 2, 22, 23, 24 and 25 further recite using applicable licenses for a geographic boundary, building loan compliance rules for all applicable licenses available within the geographic boundary and associating licenses from the applicable licenses with a loan originator to a form a set of loan originator applicable licenses.

As per these limitations, Acosta et al disclose auditing all types of desired loans and in any desired states (see column 4, lines 7-20) and that rules are customized as desired. See also column 4, lines 50-66).

As per claim 3, Acosta et al teach building rules for all applicable licenses available within the geographic boundary using compliance based rule variables and rule building instructions and storing the loan compliance rules in a rule library database in the computer system. Note column 4, lines 11-66.

As per claim 4, Acosta et al disclose allowing the user to add new license to the applicable licenses available and allowing a user to build new rules for the new license. Note column 4, lines 11-66 and column 9, lines 50-67.

As per claim 5, Acosta et al disclose storing the loan compliance in a rule library database in the computer system. Note figure 1 and column 5, lines 8-50.

As per claim 6, Acosta et al disclose if a rule exists in the rule database, for a license, allowing the user to review the rule. Note column 5, lines 8-50.

As per claim 7, Acosta et al disclose if a rule exists in the rule database, for a license, allowing the user to change the rule. See column 5, lines 30-50.

As per claim 8, Acosta et al disclose allowing the user to modify the loan compliance rules in the rule library database. See column 5, lines 30-50, and column 4, lines 50-60.

As per claim 9, Acosta et al disclose the compliance base rule variables represent data elements in a loan file database. See column 3, lines 37-50.

As per claim 10, Acosta et al disclose checking for payments, billing data, errors and other related mathematical calculations. Note column 5, line 65 to column 6, line 67.

As per claim 11, Acosta et al. disclose rule-building instructions for allowing the user to build rules by specifying equations using base rule variables. Note column 5, line 65 to column 8, line 50.

As per claim 12, Acosta et al. disclose associating the loan compliance rules with a license to form a set of assigned compliance rules. Note column 4, lines 11-60.

As per claim 13, Acosta et al. disclose the geographic boundary is a state. See column 4, lines 11-20.

As per claim 14, Acosta disclose the user displays and enters loan data using a user interface embodied in a computer processor that communicates with the rule library database via a communications network. See column 9, lines 37-60.

As per claim 15, Acosta disclose the communications network is a global communications network. See column 9, lines 37-60.

As per claim 16, Acosta et al. disclose allowing a user to identify and store applicable exemptions to the government license requirements in the assigned compliance rules. See column 8, lines 50-60 and column 4, lines 11-20.

As per claims 17-20, Acosta et al disclose the government loan originator requirements are federal/state/licensing loan requirements. Note column 3, line 55 to column 4, line 50.

As per claim 26, in the system of Acosta et al, results are displayed to the user via a user interface.

As per claims 27-29 see column 9, lines 37-45.

As per claim 30, see column 8, line 50 to column 9, line 5.

As per claim 31, the loan compliance rules are built by the user using the user interface.

As per claim 32, see column 3, line 55 to column 5, line 50.

As per claim 33, see column 3, line 55 to column 5, line 50.

As per claim 40, the system of Acosta et al includes a printer for generating a hard copy of the loan audit results.

As per claim 41, Acosta et al disclose the loan compliance rules comprise instructions, assigned compliance rules, government rules and data application rules. Note columns 4-6 of Acosta et al.

As per claim 42, Acosta et al teaches accessing the system via the Internet thus, inherently teach a web browser for transmitting and receiving loan data and loan audit results. See column 8, lines 37-45.

As per claims 21 and 34-38, Acosta et al disclose a global communications network but do not specifically state the communications network is selected from the group consisting of a satellite communication network, a telephone communication network, a microwave transmission network and a wireless telephone communication network. As per these types of communication systems, the Examiner asserts that these are well known and used communication systems at the time of the invention. Incorporating these types of communication systems in the system of Acosta et al would have been obvious to one of ordinary skill in the art at the time of the invention in order to provide a user with desired alternate means of accessing the system.

As per claim 40, Acosta et al. does not explicitly disclose storing the loan audit results on media selected from the group consisting of a hardcopy report, a tape, a film and a CD-ROM. These types of media are well known and used in the art. It would have been obvious to one of ordinary skill in the art at the time of the invention to incorporate these types of media in the system of Acosta et al in order to provide users with alternate means of storing loan audit results.

Conclusion

2.   Any inquiry concerning this communication or earlier communications from the examiner should be directed to Frantzy Poinvil whose telephone number is (571) 272-6797. The examiner can normally be reached on Monday-Thursday.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Richard Chilcot can be reached on (571) 272-6777. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see http://pair-direct.uspto.gov. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

Frantzy Poinvil
Primary Examiner
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